

## BUREAU OF RETIREMENT AND INSURANCE

RI:TCW:jep

WASHINGTON, D.C. 20415

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YOUR REFERENCE

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President  
Government Employees Health Ass'n., Inc.  
P. O. Box 463  
Washington, D. C.  
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*AW*

The Commission is considering an amendment to the Federal Employees' Group Life Insurance Regulations which will better carry out the intent of the life insurance law to limit free coverage while in non-pay status to 12 months unless there is a return to pay status for the purpose of performing substantial service.

The proposed regulation change would affect a small number of employees who are granted extended leave-without-pay by their agencies but find it possible to return to a duty or leave-with-pay status in their Federal employment for short periods at a time, usually once a year. Such employees are, during their nonpay status, engaged in other full-time paid employment.

Every insured employee who goes into a nonpay status is entitled to twelve months free insurance coverage, as contemplated by the life insurance law. Beyond that, however, the Commission believes that the current employer, rather than the Government, should provide life and health insurance coverage.

The proposed regulation change is identical in effect to an existing health insurance regulation and will make both the life insurance and health benefits programs the same in this respect. The proposed regulation change is as follows:

"Effective on the date of publication in the Federal Register for employees in pay status on the date of publication, and effective on return to pay status for employees not in pay status on the date of publication, section 870.501(c) is amended to read as follows:

" (c) Except as provided in this paragraph, paragraph (e) of this section, and sections 870.601 and 870.701, the insurance of an insured employee in nonpay status continues in force without cost to the employees and ceases, subject to a 31-day

THE MERIT SYSTEM—A GOOD INVESTMENT IN GOOD GOVERNMENT

extension of life insurance coverage, at the end of 12 months of nonpay status. The 12 months' nonpay status may be continuous or broken by periods of less than 4 consecutive months in pay status. If an employee has at least 4 consecutive months in pay status after a period of nonpay status, he is entitled to begin the 12 months' coverage in nonpay status anew. For the purposes of this paragraph, 4 consecutive months in pay status means any four-month period during which the employee is in pay status for at least part of each pay period."

If you wish to comment, the Commission will appreciate having your views on the proposed regulation change within 30 days so that it may consider them in reaching a decision.

Sincerely yours,

*Andrew E. Ruddock*

Andrew E. Ruddock  
Director